

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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Budget & Finance Committee Agenda Date: October 18, 2006

Item Number: 1

Subject: Council Modifications Made during the Fiscal Year 2007 Budget Process; and the IBA's 2007 Policy Matrix

OVERVIEW

In IBA Report 06-26, the IBA made a number of specific recommendations for modifications to the Mayor's FY 2007 Proposed Budget. These changes were adopted by the City Council via Resolution 301515 as part of their final budget. In addition, the IBA provided a matrix of policy recommendations to be implemented over time to improve the City's financial stability and management. As the first quarter of FY 2007 has expired, we offer this assessment of progress on funded items and policy recommendations.

FISCAL/POLICY DISCUSSION

On the whole, we are pleased to report that action has been taken and developments are underway for the majority of budget adjustments approved by the City Council and the policy recommendations proposed by this office. This means that the policies of the Mayor's Office are parallel to those of the IBA and that most City Council priorities are being implemented.

There are a few areas that have seen less progress than others. While many of the policy recommendations and even the budget adjustments will continue to develop and be implemented over time, we wish to draw attention to those that will require additional monitoring. The IBA continues to emphasize the importance of pension reform in the City of San Diego. We propose assertive action with respect to the Municipal Code's Waterfall provisions for "surplus undistributed earnings" (see policy recommendation #5), along with other pension reforms that are being developed (policy recommendation #4). We also recommend that the Mayor and City Council revisit the concept of the Library Ordinance (see policy recommendation #13) with respect to the City's overall financial needs. As we have emphasized several times, retention and recruitment in the Police Department continues to deserve careful scrutiny and reform (see policy

recommendation #16). An update on efforts to date was proposed for October 2006, but concrete plans for this update have not yet materialized.

The IBA will also continue to monitor, and we suggest continued updates on, the status of filling new positions added by the City Council to various departments (see budget modifications, various). While some have been filled or are in the process of hiring, there are a number for which no action has been taken. It is our expectation that all of the positions the City Council added to the final budget will be filled in a timely manner, and we urge the Committee and the City Council to communicate and reinforce those expectations as well.

Finally, more information is required on several topics, including a long-term strategy for the Environmental Growth Fund (policy recommendation #27 and budget modification #25) and the status of the QUALCOMM Stadium Fund (budget modification #19). The IBA suggests that appropriate staff report status and progress on these topics.

CONCLUSION

Through this status update, the IBA has seen strong evidence of progress made to enhance fiscal management and stability as well as the implementation of City Council priorities through the budget. However, we urge the Committee and Council to communicate and reinforce expectations with regard to filling all positions added to the final budget. We will continue to monitor progress on all items in order to strengthen accountability and provide significant public information on these topics.

[SIGNED]

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Attachments